

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 4031-01  
BILL NO.: HB 1635  
SUBJECT: Drugs and Controlled Substances; Insurance - Medical; Pharmacy  
TYPE: Original  
DATE: March 15, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$61,608)	(\$76,396)	(\$7,591)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$61,608)</b>	<b>(\$76,396)</b>	<b>(\$7,591)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Revenues and expenditures of \$76,000 would net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health**, the **Missouri Department of Conservation**, and the **Department of Insurance** assume this proposal would have no fiscal impact on their agencies.

Officials from the **Department of Transportation** and the **Missouri State Highway Patrol** assume this proposal would have no fiscal impact on their agencies since all costs involved would be covered by the third-party administrator for the plan's drug program.

Officials from the **Missouri Consolidated Health Care Plan** assume this proposal would require some administrative cost to the carriers, which may be passed along in the premiums. However, the impact should be minimal.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume this proposal would have a fiscal impact on its agency as follows. Currently, DMS does not require the managed care companies to issue a uniform prescription drug information card. Therefore, DMS assumes there would be an increase in the administrative component of the capitation payment if this legislation passes. The cost per card (\$.85) was based on the current cost to produce an ID card, which includes postage. Managed care contracts would be rebid or renewed on the following timetable:

<u>Region</u>	<u>Rebid or Renewal Date</u>	<u>Number of Enrollees</u>
Western	02/01/01	92,747
Central	03/01/01	43,065
Eastern	09/01/01	161,893

DMS also assumes a six percent transfer rate between health plans.

### FY2001

Number of Eligibles	135,812
+ Anticipated Transfers	<u>9,149</u>
	144,961
x Cost of Card	<u>\$ .85</u>
FY2001 Cost	<u>\$123,217</u>

ASSUMPTION (continued)

FY2002	
Number of Eligibles	161,893
+ Anticipated Transfers	<u>17,862</u>
	179,755
x Cost of Card	<u>\$.85</u>
FY2002 Cost	<u>\$152,792</u>

FY2003	
Anticipated Transfers	17,862
x Cost of Card	<u>\$.85</u>
FY2003 Cost	<u>\$15,183</u>

The projected cost is based on the current number of eligibles in managed care. If additional regions would be converted to managed care or if the number of health plans increases or decreases, there would be additional cost.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

Costs - Department of Social Services -  
 Division of Medical Services

Costs to produce prescription cards	<u>(\$61,608)</u>	<u>(\$76,396)</u>	<u>(\$7,591)</u>
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**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

<u><b>(\$61,608)</b></u>	<u><b>(\$76,396)</b></u>	<u><b>(\$7,591)</b></u>
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**FEDERAL FUNDS**

Income - Department of Social Services -  
 Division of Medical Services

Medicaid reimbursements	\$61,609	\$76,396	\$7,592
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Costs - Department of Social Services -  
 Division of Medical Services

Costs to produce prescription cards	<u>(\$61,609)</u>	<u>(\$76,396)</u>	<u>(\$7,592)</u>
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L.R. NO. 4031-01  
BILL NO. HB 1635  
PAGE 4 OF 5  
March 15, 2000

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal. However, the possible issuance of a prescription ID card may affect small pharmacies. It should decrease the time to process each prescription if all recipients have a uniform prescription ID card.

DESCRIPTION

This bill requires all health benefit plans that provide coverage for prescription drugs to issue to their insureds a pharmacy ID card containing uniform prescription drug information. The card must be in a format approved by the National Council for Prescription Drug Programs and acceptable to the Director of the Department of Insurance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. NO. 4031-01  
BILL NO. HB 1635  
PAGE 5 OF 5  
March 15, 2000

SOURCES OF INFORMATION

Department of Health  
Missouri Department of Conservation  
Department of Insurance  
Department of Transportation  
Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Department of Social Services

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is fluid and cursive, with the first name "Jeanne" and last name "Jarrett" clearly distinguishable.

Jeanne Jarrett, CPA  
Director  
March 15, 2000